



COUNCIL AGENDA: 6-01-04
ITEM: 12.7(a) & (b)

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Stephen M. Haase

SUBJECT: SEE BELOW

DATE: May 18, 2004

Approved

Date

COUNCIL DISTRICT: 7
SNI AREA: N/A

SUBJECT: Analysis of the following General Plan amendments based on the Council-Approved Framework, as a Guideline, for Evaluating Proposed Conversions of Employment Lands to Other Uses:

GP02-07-04: GENERAL PLAN AMENDMENT request to change the *San Jose 2020 General Plan Land Use/Transportation Diagram* designation from Heavy Industrial, Combined Industrial/Commercial, Single-Family Detached and Attached Residential (8-16 Dwelling Units Per Acre) (Communications Hill Planned Community) to High Density Residential (25-50 DU/AC) for property located at the southwest corner of Monterey Highway and Goble Lane on a 29.5 acre site.

GPT02-07-04: GENERAL PLAN TEXT AMENDMENT request to amend the text to reflect the proposed changes in the Communications Hill Specific Plan.

REASON FOR SUPPLEMENTAL

The Goble Lane General Plan amendments were analyzed in 2002 and were considered at a Planning Commission hearing on October 30, 2002. Staff's original analysis has been provided to the City Council under separate cover with the transmittal of the Planning Commission's recommendation.

On November 5, 2002, the applicant submitted a letter requesting that this amendment be deferred until further notice. The applicant now wishes to have this item heard at the June 1, 2004 City Council hearing.

This memorandum provides an analysis of the proposed amendments based on the Council-approved Framework, as a Guideline, for Evaluating Proposed Conversions of Employment Lands to Other Uses.

ANALYSIS

The "Framework, as a Guideline, for Evaluating Proposed Conversions of Employment Lands to Other Uses" divides the City's inventory of industrial areas into three categories: 1) those to promote or facilitate conversion, 2) those to consider conversion under certain circumstances, and 3) those to preserve for driving and business support industries. The Monterey Corridor 4 sub-area, which includes the subject site, falls in the third category, to be preserved for driving and business support industries and to be protected from conversion. In this category of the Framework, the City Council added that conversions might be considered if the proposal would accomplish any of the following:

- Complete a transition to existing neighborhoods within or adjacent to the sub-area;
- Buffer and provide uniformity to existing neighborhoods within or adjacent to the sub-area;
- Further the City's smart growth policies;
- Aid in revitalizing declining neighborhoods within or adjacent to the sub-area.

The amendment site is located in an area with heavy and light industrial uses, and business support industries. The proposed conversion to High Density Residential could be considered compatible with the adjacent Chateau La Salle mobile home park but would result in the loss of lands designated for heavy industrial uses, and business support industries, and would potentially allow development of a large number of new residential units next to incompatible heavy industrial uses including a gravel quarry operation, auto body, auto paint and repair, and trucking companies. The San Jose Zoning Code permits 24-hour operation for uses in the industrial zones regardless of proximity to residential uses. This is the fundamental reason why residential uses and industrial uses are incompatible.

The City's smart growth policies encourage managed growth, fostering economic and housing development and open space preservation. This amendment, while proposing high density residential development, does not meet General Plan policies for appropriate location of new residential development and could deter future economic development of surrounding industrial properties. The proposed amendment would aid in revitalizing a declining neighborhood, but would do so by completely removing the declining Redwood trailer park, a source of low income housing, and an older industrial area that has been identified for employment land preservation.

The Framework identifies key criteria that need to be evaluated when considering conversion of employment lands. The following is an analysis of the proposed amendments based on the established criteria.

1. Economic contribution of the sub-area

Towards the Future: Jobs, Land Use and Fiscal Issues In San Jose's Key Employment Areas describes the Monterey Corridor 4 sub-area as one of the five sub-areas in the Business Support category. These are areas that have a high proportion of Business Support services and significant amounts of the remaining vacant land planned for industrial uses in the City. As outlined in the Council-adopted *Economic Development Strategy* dated November 2003, the Monterey Corridor 4 sub-area contains approximately 1,300 jobs and consists of 94% business support industries (the largest employing industries are 26% retail/consumer services, 23% building/construction, and 23% business services).

2. Consistency with City Policies and Strategies

The proposal is consistent with General Plan policies with regard to providing additional housing stock for the city, but the proposal is not consistent with other General Plan policies as it proposes to locate housing next to incompatible industrial uses.

- *Industrial Land Use Policy No. 3* states that the City should monitor the absorption and availability of industrial land to ensure a balanced supply of available land for all sectors. The proposed change to High Density Residential (25-50 DU/AC) would decrease the amount of land designated for industrial uses.
- *Industrial Land Use Policy No. 11* states that new land uses that may restrict development of land reserved exclusively for industrial uses should not be allowed to locate adjacent to these areas of the City, and, in particular, sensitive receptors should not be located near primary industrial areas.
- *Industrial Land Use Policy No. 14* states that non-industrial uses which would result in the imposition of additional operational, and/or mitigation requirements, or conditions on industrial users in neighboring exclusively industrial areas in order to achieve compatibility are discouraged. Existing industrial landowners and users have expressed concerns over the dampening effect that locating non-industrial uses on the subject site would have. Such uses could increase the business risk for certain users currently allowed in this area, due to incompatible activities, particularly the use of hazardous materials in the manufacturing process.
- *Economic Development Major Strategy*. The proposed amendment is also inconsistent with the General Plan's Economic Development Major Strategy. The Economic Development Major Strategy calls for identifying opportunities for expanding the community's economic base, promoting a balance between Driving Industries and service/supplier firms that support them, and actively marketing San Jose as a location for a wide range of businesses. The conversion of this land to residential would eliminate the potential for this land to contribute to the City's economic base.
- *Residential Land Use Policy #2* states that residential neighborhoods should be protected from the encroachment of incompatible activities or land uses that may

have negative impacts on the residential living environment. If approved, the Goble Lane site would need to be carefully designed at the zoning and planning permit stages to overcome its location in a marginal living environment.

- *Residential Land Use Policy #3* states that higher residential densities should be distributed throughout the community. Locations near commercial and financial centers, employment centers, the light rail transit stations and along bus transit routes are preferable for higher density housing. There are a variety of strategies and policies in the General Plan that encourage the construction of high density housing and supportive mixed uses. For example, the Housing Initiative and Transit-Oriented Development Corridor Special Strategy Areas encourage high density housing and mixed-use development in close proximity to existing and planned transit routes. In addition, residential development located within 2,000 feet of a planned or existing rail station should occur at the upper end of the allowed density ranges and should typically be at least 25 DU/AC unless the maximum density allowed by the existing land use designation is less than 25 DU/AC.
- *Residential Land Use Policy #24* states that new residential development should create a pedestrian friendly environment by connecting the features of the development with safe, convenient, accessible, and pleasant pedestrian facilities. Such connections should also be made between the new development, the adjoining neighborhood, transit access points, and nearby commercial areas. If approved, residential development at this site would be in many ways, isolated from the area, especially from other residential neighborhoods. Aside from the potential future commercial uses proposed as part of this amendment, this site is not in close proximity to neighborhood serving commercial businesses.

3. Proximity to existing neighborhoods and areas in transition

The Chateau La Salle mobile home park, located directly adjacent to the site to the north and west is the only residential use in the immediate area. The remainder of the uses near the site are heavy industrial, light industrial or business support commercial. While there are residential uses across Monterey to the southwest, Monterey Road is a significant barrier and creating a residential connection to the Goble Lane site would be challenging. The area is not currently in transition, however, if the Goble Lane amendment is approved, it could initiate a transition, eroding the commercial/industrial base of the area.

4. Proximity to incompatible employment uses (e.g., manufacturing, recycling, etc.)

As discussed in the staff report this site is directly adjacent to heavy industrial and light industrial uses that are fundamentally incompatible with new residential uses. The Raisch concrete/gravel company, trucking companies, auto repair, auto paint and auto body shops are all directly adjacent to this site to the south and east. The *Towards the Future* report states that “the introduction of new residents who might complain about noise, vibration, truck traffic, and other negative impacts of industrial activities on neighborhoods can erode the ability of industrial operations to function in the way they

need to. Experience in other areas shows that even when industrial uses predate housing, residents often end up complaining about those uses.” The report goes on to say “Based on the Business Support industrial nature of Type 2 sub-areas (including Monterey Corridor 4) and the critical role they play in the overall economy, particularly supporting Driving Industries, these sub-areas should be preserved for employment uses. No further residential, civic, and institutional uses should be allowed, and new supportive retail should be kept to a minimum.”

5. Potential inducement of additional conversions to residential use.

There is a strong likelihood that the proposed change would be a catalyst to induce future conversions of surrounding industrial properties. If the conversion to residential is approved for this site, the area could be considered as exhibiting a mix of uses, therefore making way for other properties to apply for the same or similar General Plan designations. Additional non-industrial uses would compromise the integrity of areas reserved exclusively for industrial uses. The Monterey Corridor 4 sub-area is one of the best examples in the City of a viable industrial area with low vacancy rates.

6. Proximity to transit service

Monterey Road has an established bus transit route. The Caltrain passenger rail station adjacent to Monterey Road opposite Fehren Drive (near Capitol Expressway) is the closest passenger rail station but is not considered within reasonable walking distance (within 2,000 feet). The Caltrain passenger platform is approximately 4,000-feet from the site. The nearest Light Rail Station is located at Highway 87 and Curtner Avenue, which is approximately 1.8 miles away from the site.

7. Proximity to compatible employment uses (e.g., office/ R&D).

The majority of nearby employers would be considered business support industries consisting of industrial and commercial support for industrial uses, not office or Research and Development.

8. Availability of neighborhood services, and residential and commercial mixed use drivers

Existing nearby neighborhood serving commercial consists of a restaurant, auto parts store, furniture store, boat sales, liquor store, and tire sales and installation. The Planned Development Zoning for the property includes a proposal for 18,000 square feet of mixed-use commercial development along Monterey Road. The nearest location for larger scale commercial is expected to be the future development of the General Electric site on Curtner Avenue, though this would not be considered as within walking distance. The amendment site is not nearby a public library or school facilities and, because this is primarily an industrial/commercial area, is located in an area that is deficient in public parks/open space. The Communications Hill Specific Plan includes a proposed elementary school, but to date, this school has not been constructed.

9. Public Benefit

If approved, this amendment would provide additional housing units in the City of San Jose and a 2.0-acre public park is included in the accompanying Planned Development

Zoning currently on file for the amendment site. No extraordinary public improvements or infrastructure are anticipated to be included in the future residential use of the site.

10. Adequacy of Fire/Police service levels

The proposed General Plan amendment would not directly adversely affect the ability of the San Jose Police Department to provide service. It would, however, make incremental additional demands on the police department if housing is constructed on-site. At the time the specific design of a project is proposed the San Jose Police Department would also review the residential project to help ensure that it is designed appropriately to deter criminal activity and maximize resident safety.

It is anticipated that there is adequate fire service for the project. The first response fire station to the amendment site is Engine #26, located approximately 1.0 mile northeast of the site at 528 Tully Road, and the second response station is Engine #18, located at 4430 Monterey Road, approximately 1.5 miles south of the site. Engine #26 is the fifth busiest company and Engine #18 is the fourth-busiest company in San Jose.

11. Utilization of bicycle and pedestrian facilities, and promote pedestrian access

As part of the Communications Hill Specific Plan area, the site is included in a General Plan Pedestrian Priority area, however, the current surroundings do not provide safe walking routes for residents or a pedestrian-friendly atmosphere. Therefore, any new residential development may need to contribute towards the creation of a pedestrian-friendly environment by connecting features of the development with safe, convenient, accessible, and pleasant pedestrian facilities. These connections should be made between the new development and the adjoining neighborhood, transit and nearby commercial areas. There is an existing bicycle route on Monterey Road included in the General Plan Bicycle Network Diagram. Within the vicinity of the amendment site, there are bike lanes along Monterey Road. Monterey Road is an 80 to 106 foot Major Arterial Roadway and even though there are sidewalks and bike lanes, this roadway is generally not pedestrian or bike friendly. The site is not generally within walking or bicycling distance of employment centers but there are support businesses that are nearby. Bus routes provided by the Valley Transportation Authority serve the site. However, the site is not within walking distance to an existing or planned light rail station.

12. Potential environmental impacts and mitigation measures

The proposed General Plan amendment on the subject site was analyzed in an Environmental Impact Report that was certified by the Planning Commission on October 30, 2002. The EIR determined that the change in land use would create Significant Unavoidable Impacts to the following environmental factors:

- Land use

- Transportation
- Air quality
- Cumulative Impacts

Prior to making a recommendation on the subject amendment on October 30, 2002, the Planning Commission certified the Final Environmental Impact Report for the Goble Lane Housing General Plan/Specific Plan General Plan Amendments. An addendum to the Environmental Impact Report has been prepared to update the traffic analysis to date. This updated analysis did not result in a change to the previous findings included in the Final EIR certified by the Planning Commission.

13. Potential fiscal impact

Based on general fiscal information contained in the *Towards the Future* report, the proposed Goble Lane conversion by itself is not expected to result in significant fiscal impacts; however, the loss of industrial and commercial land would reduce the City's overall tax base. If this amendment is approved and other sites are later converted, then the cumulative fiscal impact to the City is expected to be significant.

CONCLUSION

The proposed General Plan amendment is inconsistent with long standing General Plan policies and would not support the retention of a strong economic base as discussed in the recently adopted *Economic Development Strategy*. Although there continues to be a pent up demand for housing (as recognized in the *Economic Development Strategy*, the Housing Element, and other city documents), development of housing on the site does not compensate for the loss of employment land on this site (and potentially other nearby sites), and the expected pressure on remaining businesses to modify operations.

Upon review of the Goble Lane amendments against the Framework, as described in this memorandum, staff continues to recommend No Change to the General Plan.

PUBLIC OUTREACH

A summary of the public outreach conducted for these General Plan amendments is contained in the accompanying memorandum summarizing the results of the Planning Commission hearing.

STEPHEN M. HAASE, DIRECTOR
Planning, Building and Code Enforcement